GOVERNMENT OF INDIA
MICRO,SMALL AND MEDIUM ENTERPRISES
LOK SABHA

STARRED QUESTION NO:232
ANSWERED ON:14.03.2016
Promotion of Cottage Industries
Khuba Shri Bhagwanth;Sreeramulu Shri B.

Will the Minister of MICRO,SMALL AND MEDIUM ENTERPRISES be pleased to state:

(a) the details of schemes/programmes including credit-linked programmes being presently implemented by the Government for promotion of cottage and agro-based rural industries and the number of beneficiaries benefited therefrom;

(b) whether the Government has set up any panel to study the status of cottage and agro-based rural industries in the country;

(c) if so, the details and the outcome thereof; and

(d) the steps taken by the Government to promote and make the said industries competitive in the global market?

Answer

MINISTER OF MICRO, SMALL AND MEDIUM ENTERPRISES
(SHRI KALRAJ MISHRA)

(a)to(d): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF THE LOK SABHA STARRED QUESTION No.* 232 FOR ANSWER ON 14.03.2016

(a): Ministry of Micro, Small and Medium Enterprises (MSME) through Khadi and Village Industries Commission (KVIC) and Coir Board is implementing the following schemes to promote cottage and agro-based rural industries:

Prime Minister's Employment Generation Programme (PMEGP) is a credit linked subsidy scheme, for setting up of new micro-enterprises and to generate employment opportunities in rural as well as urban areas of the country through KVIC, State Khadi & Village Industries Board (KVIB) and District Industries Centre (DIC). General category beneficiaries can avail of margin money subsidy of 25% of the project cost in rural areas and 15% in urban areas. For beneficiaries belonging to special categories such as SC/ST/Women/ PH/Minorities/Ex-Servicemen/NER, the margin money subsidy is 35% in rural areas and 25% in urban areas. The maximum cost of projects is Rs.25 lakh in the manufacturing sector and Rs.10 lakh in the service sector. Since inception and up to January 2016, 3.50 lakh micro enterprises have been set up by utilizing margin money amounting to Rs.7004.40 crore. 29.82 lakh jobs have been created from these units.

Coir Udyami Yojana (formerly known as REMOT Scheme) is a credit linked subsidy scheme, which provides assistance for setting up of coir units with a maximum cost of project upto Rs.10 lakhs plus working capital, which shall not exceed 25% of the project cost. The pattern of assistance is 40% as Govt. subsidy, 55% as loan from Banks and 5% as beneficiary contribution. Scheme is open to all individuals, companies, SHGs, NGOs, Institutes, etc. Upto January 2016, 6166 units have been set up by utilizing subsidy amounting to around Rs.77.22 crore.

Scheme of Fund for Regeneration of Traditional Industries (SFURTI) was launched in 2005-06 for making Traditional Industries more productive and competitive by organizing the Traditional Industries and artisans into clusters. During 2015-16, 26 clusters have been granted final approval with a total project cost of Rs.72 crore benefiting around 25000 artisans.

A Scheme for Promoting Innovation, Rural Industry and Entrepreneurship (ASPIRE) was launched on 18.3.2015 to promote Innovation & Rural Entrepreneurship through rural Livelihood Business Incubator (LBI), Technology Business Incubator (TBI) and Fund of Funds for start-up creation. During 2015-16, 22 LBIs & 2 TBIs have been approved and two LBI Centres have been operationalized at Deoria (U.P.) and Rajkot (Gujarat).

Mahila Coir Yojana (a component of Coir Vikas Yojana-CVY) is an exclusive skill development programme for rural women artisans in coir sector. Training is provided in spinning of coir yarn/various coir processing activities. The scheme envisages distribution of motorized ratts/motorized traditional ratts and other coir processing equipments at 75% subsidy subject to a maximum amount of Rs.7500/- on successful completion of the training programme. During the training period, the women artisans are given a stipend amounting to Rs.1000/- per month. Coir Vikas Yojana also includes Skill Development & Training Programme in coir sector,

Domestic & Export Market Promotion and Development of Production Infrastructure. Rs.15.69 crore has been released under CVY during 2015-16.

Market Development Assistance (MDA) Scheme was introduced w.e.f 01.04.2010 in which financial assistance is provided to institutions @ 20% of the value of production of khadi and polyvastra, to be shared among artisans, producing institutions and selling institutions in the ratio 25:30:45. Rs.147.48 crore under MDA (Khadi & Polyvastra) has been released during 2015-16.

Interest Subsidy Eligibility Certificate (ISEC) Scheme provides credit at concessional rate of interest through Banks as per the requirement of the Khadi institutions. The institutions are required to pay interest of only 4%, any interest charged by banks over 4% will be paid by Central Government through KVIC. Rs.38.16 crore under ISEC (Khadi & Polyvastra) has been released during 2015-16.

Workshed Scheme for Khadi Artisans was introduced in 2008-09 to provide financial assistance for construction of workshed to khadi artisans belonging to BPL category through the khadi institutions with which the khadi artisans are associated. This empowers khadi spinners and weavers to chart out a sustainable path for growth, income generation and better work environment. During 2015-16, Rs.6.60 crore has been released, benefiting 1100 artisans.

Khadi Reform & Development Programme (with ADB Assistance): This scheme proposes to revitalize the Khadi sector with enhanced sustainability of Khadi and to enable KVIC to stand on its own with gradually decreasing dependence on Government Grants. M/o Finance has tied up financial aid from Asian Development Bank (ADB) amounting to US$150 million over a period of three years for implementing a comprehensive Khadi Reform Programme worked out in consultation with ADB and KVIC. Rs.14.85 crore has been released during 2015-16.

Strengthening infrastructure of weak Khadi institutions and assistance for marketing infrastructure: This scheme provides need-based support towards the Khadi sector for nursing the sick/problematic institutions elevated from "D" to "C" category as well as those whose production, sales and employment have been declining while they have potential to attain normalcy and to support creation of marketing infrastructure in other identified outlets. Under this scheme, financial assistance is provided to existing weak Khadi institutions for strengthening of their infrastructure and for renovation of selected khadi sales outlets. Rs.2.12 crore has been released during 2015-16.

Coir S&T Scheme promotes scientific, technological and economic research and development activities, developing new products & designs, marketing of coir and coir products in India and abroad. It also promotes co-operative organisations among producers and manufacturers of coir sector. Two research institutes viz; Central Coir Research Institute (CCRI), Alleppey, and Central Institute of Coir Technology (CICT), Bengaluru are undertaking research activities on different aspects of coir industry. Rs.3.00 crore has been released during 2015-16.

(b): No Madam.

(c): Does not arise.

(d): KVIC has been granted Deemed Export Promotion Council status since December 2006. 1018 Khadi and Village Industries (KVI) Institutions are registered as members. However, most of the exports are through merchant exporters and not directly by KVI units.5% of the Free On Board (FOB) value or Rs.10 lakh, whichever is less, is provided as incentive for KVI units which undertake Direct Exports. In addition, KVIC and Coir Board encourages Khadi, Village Industries and Coir enterprises to participate in International Trade Fair/ Exhibitions by subsidizing 75% of the Air fare and 50% of stall rent to augment export of their products in general subject to maximum limit of Rs.1.25 lakh each. In case of Women entrepreneurs & institutions/ST/SC/NE States, air fare and stall rent extended to the extent of 100% subject to maximum limit of Rs.1.25 lakh each.